



March 2021 Quarterly Update

26 April 2021

Key highlights:

- Quarterly cash receipts of A\$2,208,000
- Completion of Health House Holdings Limited acquisition
- Successfully raised A\$3,500,000 from Public Offer
- Subsequent to quarter end, reinstatement of Official Quotation

Health House International Ltd (ASX:HHI) (Health House or the Company), an international pharmaceutical distributor specialising in, but not limited to, the distribution of medicinal cannabis products across Australasia, United Kingdom and Europe, is pleased to provide this operational update alongside its Appendix 4C for the three months ended 31 March 2021 (Q3 FY21).

Health House Internationals Executive Chairman, Mr David Wheeler commented:

“The March quarter was transformational for Health House, with the successful completion of the Health House Holdings acquisition, and subsequent reinstatement of Official ASX Quotation. The company is now well placed to execute its strategy to grow the business through distribution and geographical expansion, expanding our sales and marketing team and activities, expanding our supplier base inventories and identifying appropriate acquisition targets to rapidly build out our global distribution footprint.”

Completion of the Health House Holdings acquisition and reinstatement of Official Quotation

On 19 March 2021 HHI completed the acquisition of Health House Holdings Limited (**HHH**), issuing 115,298,743 shares in the Company to the Health House vendors as consideration for the acquisition and 3,458,961 shares to advisors (**Acquisition**). The Company, formerly VPCL Limited, changed its name to Health House International Limited following shareholder approval received at the Company’s general meeting of shareholders held on 29 January 2021 and also changed its ASX code to HHI effective from 24 March 2021.

Subsequent to the end of the quarter, Health House was reinstated to Official Quotation and commenced trading on the ASX on Friday, 16 April 2021, following its re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

In accordance with Australian Accounting Standards the acquisition of Health House has been accounted for as a reverse acquisition transaction under the guidelines and principles of AASB 2 Share Based Payments. As a result, the statement of cash flows for the current quarter comprises the cash transactions for HHH for the full quarter and the cash transactions of Health House from the date of acquisition being 19 March 2021 to the period ended 31 March 2021.

Cash receipts of A\$2,208,000 over the March 2021 quarter

Health House generated quarterly cash receipts of A\$2,208,000 million in Q3 FY21. Cash receipts were mainly due to sales in Australia and the United Kingdom.

Public Offer

In January 2021, Health House issued a Prospectus for a public offer to raise up to \$3,500,000 (**Public Offer**). The Public Offer closed early due to significant demand and was fully subscribed as of Monday 8 February 2021.

The Public Offer was completed on 19 March 2021.

Board restructure

Upon completion of the Acquisition, David Wheeler was appointed as Executive Chairman from Non-Executive Director, the Hon Michael Rann was appointed Non-Executive Director, with Chris Mews continuing as a Non-Executive Director but stepping down as Company Secretary and replaced by Tim Slate who was appointment as Company Secretary.

Leanne Graham stepped down as Non-Executive Director and Chair.

Operational Activities

Financial Snapshot

The Company's net cashflow used in operations for the quarter was \$550,000. The Company's operational expenses mainly comprised of inventory and operating costs (\$1,784,000), staff costs (\$658,000) and administrative and corporate costs (\$263,000).

Cash receipts included \$2,208,000 mainly generated from sales in Australia and the United Kingdom.

Listing Rule 4.7C.3

In item 6 of the attached Appendix 4C, HHI recorded payments to related parties of approximately \$54,000 comprising of Director Services of \$47,000 and Non-Director Services – company secretarial services of \$7,000 were paid during the quarter.

Amounts disclosed in item 6 relate to payments to related parties and the associates for HHI (formerly VPCL Limited) for the period 1 January 2021 to 31 March 2021.

The Company closed the quarter with a strong cash position of \$7,001,000.

Forward Looking Activities

Health House looks forward to implementing plans to grow the company as outlined in the Public Offer prospectus, with a strong focus on growing revenues by expanding its core operations to become the leading international pharmaceutical distributor specialising in medicinal cannabis products.

Distribution and geographical expansion

Health House is focused on expanding its operations in key strategic markets including Australasia, South East Asia, the UK and Europe. It will do this by leveraging its existing and extensive industry relationships, to enter into new distribution agreements to build out its product range and supplier base. Subsequent to the end of the quarter, Health House announced an important distribution agreement with DragonFly BioSciences of the UK demonstrating that the company has the ability to attract globally significant suppliers.

Team and Marketing

To support its growing operations and expanding global footprint, Health House will strengthen its team to support customers and suppliers and to focus on product sales and marketing together with ongoing market development.

Acquisitive expansion

Health House's Board, management team and advisors have a proven track record of identifying and implementing strategic acquisitions and successfully integrating these into existing businesses.

Health House believes that post the success of its ASX listing it is well placed to attract and identify potential acquisition targets in strategic markets to build out its business and expand its geographic distribution footprint.

This announcement has been approved and authorised for release by the board of Health House International Limited.

David Wheeler
Executive Chairman

About Health House (www.healthhouse.com.au)

Health House International is an international pharmaceutical distributor specialising in, but not limited to, the distribution of medicinal cannabis products across Australasia, United Kingdom and Europe.

The Company is a fully licenced and regulated specialised importer, exporter, consolidator and distributor of medicinal cannabis products, currently distributing 11+ medicinal cannabis products to pharmacies, prescribers, specialist medicinal cannabis clinics and researchers across Australasia. With its Wholesale Dealers and Controlled Drugs licences the Company supplies pharmacies, hospital, government departments, veterinarians and other wholesalers with medicinal cannabis and general pharmaceutical products across the UK and Europe.

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